

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS MADRID 001833

SIPDIS

SENSITIVE

EB/TRA/OTP FOR MEGAN WALKLET

EB/TRA/AN FOR JOE YOUNG

E.O. 12958: N/A

TAGS: [FAIR](#) [SP](#)

SUBJECT: SPAIN: READOUT ON US-EU OPEN SKIES NEGOTIATIONS

REF: A. STATE 91041

[1](#)B. 03 MADRID 4336

[1](#)1. SUMMARY: We spoke May 18 with Deputy Director for Air Transportation Development Eugenia Llorens, who participated in the latest round of US-EU open skies negotiations, about matters contained in Reftel A and her views on the possible outcome of the negotiations and its implications for Spain. Llorens was uncertain whether this round of negotiations would be successful, but awaits information on an anticipated USG revised proposal. She does not consider the US-Ireland negotiations to involve open skies issues, and therefore does not view them as a "green light" from Brussels to negotiate bilaterally. She understands the importance to Spanish carriers of achieving an open skies agreement, but does not yet know whether the new Socialist government will be receptive to negotiating a bilateral agreement if an early harvest US-EU agreement cannot be reached by the June US-EU Summit. She will soon brief the new Director General of Civil Aviation regarding these issues. END SUMMARY.

[1](#)2. We shared ref A talking points with Llorens who demurred until consulting with her new political leadership. When asked for her views on the latest round of US-EU open skies negotiations, Llorens said that the "big uncertainty" is market access in the US. Llorens seemed doubtful that the anticipated new US proposal will meet EU demands for greater access and be accepted by member states. She also lamented the delays that would result in failure to achieve an early harvest as some of the negotiators will be changing in the fall.

[1](#)3. Llorens does not yet know what stance the newly-elected Socialist GOS will take on bilateral negotiations should the goal of a US-EU early harvest fail, noting that Manuel Bautista Perez, the new Director General for Civil Aviation, just took office last week and has not yet been briefed on these matters. She acknowledged that the GOS must clarify its position on this matter, mentioning that Spanish airlines are still exposed to potential antitrust action for lack of an open skies agreement.

[1](#)4. Llorens acknowledged Ireland's current discussions with the US, but does not view the US-Ireland discussions to be true open skies bilateral negotiations. She described the subject matter as a "very localistic issue" pertaining to the percentage of trans-Atlantic flights that must stop in Shannon rather than fly direct from the US to Dublin over the next few years. She stated that the terms lack any antitrust component, implying that Ireland's negotiations do not signal EC approval for new bilateral open skies negotiations between member states and the US, as we previously proposed to her (see Reftel B).

[1](#)5. COMMENT: Like the government it replaced, Spain's new government could continue wrestling with the mutually-exclusive desire to protect domestic commercial interests through a bilateral open skies agreement versus following the lead from Brussels and awaiting an eventual US-EU agreement. The previous GOS generally did not oppose the instructions of Spanish EU Commissioner for Transport and Energy Loyola de Palacio regarding civil air matters. This led to Spain's reluctance to pursue Iberia's desire for an agreement. The new Socialist government may be more open than the last to move against de Palacio or her successor. Still, with its announced plans to be closer to Europe than the past administration, it remains to be seen under what conditions the new GOS would enter into bilateral open skies discussions with the US. Llorens promised that the Embassy's request to meet with Director General Bautista will be granted prior to the June Transport Council meeting. END COMMENT.
ARGYROS